

## Waqf Fund programs Initiatives

**1. Advance Diploma in Islamic Finance:** Now in its 16<sup>th</sup> year, Advance Diploma in Islamic Finance (ADIF) program serves to provide young Bahraini graduates and junior staff of Waqf Fund member institutions with an orientation in Islamic finance. Islamic banks nominate their staff for the 9-month diploma program with BIBF. The Fund also financed the development of the ADIF curriculum by engaging a well-recognized consulting firm. The candidates study the following courses:

- Islamic Commercial Jurisprudence
- Islamic Banking Operations
- Islamic Treasury and Capital Markets
- Islamic Accounting
- Islamic Insurance
- Banking, Business and Trust Law.

**2. Advance Diploma in Islamic Commercial Jurisprudence:** This program provides more depth in specific topics to the Internal Shari'ah Reviewers / Shari'ah Officers of Islamic Financial Institutions (IFIs). Spread over a one-year period and conducted in Arabic the Diploma consists of 8 modules:

- The Theory of Contracts and its Legal Maxims
- Objectives of Shari'ah and Jurisprudential Law (Usul Al Fiqh)
- Principles of Fatwa and Applied Jurisprudence
- Islamic Financial Transactions
- Fiqh of Zakat and Waqf
- Fiqh of Takaful
- Shari'ah Auditing and Compliance for Islamic Financial Institutions
- Research paper on a selected topic

The research component has been added for greater depth and quality and to ensure that the program's learning outcomes are thoroughly achieved by all the participants.

**3. Advance Shari'ah Reviewer Development Program:** The Waqf Fund started out with a Shari'ah Reviewer Development Program (SRDP) aiming to provide basic orientation to Islamic and conventional finance/banking to Internal Shari'ah Reviewers / Shari'ah Officers of IFIs and plug any knowledge gaps. After successfully running the program for two years an advanced version was launched with added modules designed as short courses of 10-30 hour duration. The topics covered include:

- Understanding Financial Statements of IFIs
- Business, Banking and Trust Law
- Islamic Treasury and Capital Markets
- Risk Management for IFIs

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- Shari'ah Auditing & Corporate Governance for IFIs
- Introduction to AAOIFI and IFSB Standards
- The Estate and Inheritance Law
- Business Report Writing and Professional Presentation Skills
- Quantitative and Qualitative Methods

**4. Roundtable Discussions:** The Fund has held a series of Roundtable Discussions on developmental issues by bringing together leading figures in Islamic finance – including industry professionals, regulator and Shari'ah scholars – to focus on key issues and recommending a way forward. So far the Fund has held 12 such Roundtables. The recommendations from these Roundtables are compiled and forwarded to the Central Bank of Bahrain for its consideration and further action. Some of the industry developments were a direct result of these Roundtables while others are under consideration of the CBB. The topics discussed during these Roundtables are:

- “Shortage of Products and Human Resources in the Islamic Finance Industry”
- “Islamic Investment Accounts and Investment Account Holders – Issues, Challenges and Way Forward”
- “Resilience of Islamic Finance during the Financial Crisis and its Future”
- “Enhancement of Shari'ah Compliance Framework – Opportunities and Challenges”
- “Ethical Checks and Balances in an Islamic Bank”
- “Shari'ah and Corporate Governance Issues in SPV Governance”
- “Roles & Responsibilities of Shari'ah Supervisory Boards and Internal Shari'ah Reviewers of Islamic Financial Institutions”
- “Venture Capital – Building the Next Phase of Economic Development in Bahrain”
- “Liquidity Management in Islamic Banks”
- “Revamping AAOIFI's CSAA Qualification”
- “Pool Management & Profit Distribution”
- “Establishing an Islamic Profit Rate Benchmark – Why & How?”

**5. Development of a course on Business Ethics for Islamic Bankers:** The Fund sponsored the development of a general course through the BIBF on main Shari'ah principles on ethics for junior bankers. The course materials were developed and the course is now being offered by BIBF as a mandatory course as required by the Central Bank of Bahrain. The course aims to provide a basic understanding of Shari'ah-based ethical guidelines for practitioners, improving their confidence and promoting good governance at Islamic banks. The objective is to ingrain in the sales people a Shari'ah compliant sales approach, other front office functions to deal with clients based on Shari'ah principles, the middle office staff to review transactions bearing in mind the relevant Shari'ah principles, and the back office people to record, settle and maintain documentation bearing and observing Shari'ah principles, thereby establishing a Shari'ah oriented culture in the IFI.

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**6. Upgrade of the Advance Diploma in Islamic Finance curriculum:** The Fund financed the development of the Advance Diploma in Islamic Finance (ADIF) curriculum of BIBF. The Fund engaged a leading consulting firm to assist BIBF in developing reference manuals on six subject modules to be used in the diploma program.

**7. Assisted and sponsored University of Bahrain in developing and launching a 4-year B.Sc. in Islamic Banking & Finance program:** The Waqf Fund joined hands with the University of Bahrain to support its 4-year bachelor program in Islamic banking & finance. The Waqf Fund has provided financial assistance to the program as well as helped in curriculum development by providing the industry's perspective. Launched in 2012, this is a unique fusion program between Shari'ah and business. The graduates of this bilingual program are well equipped to work for any IFI in Bahrain and globally. They possess a rare combination of Shari'ah, banking, accounting, economics and business knowledge. They are integrated with the industry through seminars and internships. The program has produced 300 graduates so far and over 600 students are currently enrolled.

**8. Shari'ah Scholar sessions:** The Waqf Fund periodically holds a session with leading Shari'ah scholars in the Islamic finance industry whereby they address the Internal Shari'ah Reviewers of IFIs in Bahrain on specific topics, followed by an extensive Q&A session. The purpose of this program is to provide an opportunity to up and coming Shari'ah scholars to interact with and learn from leading scholars through dialogue and discussion. 20 sessions have so far been held with scholars of international standing including Shaikh Esam Ishaq, Shaikh Nizam Yaquby, Dr. Hussain Hamid Hassan, Dr. Akram Laldin, Dr. Ali Elgari, Dr. Osaid Kailani and others. The topics covered include:

- "Shari'ah issues in SPVs"
- "Credit Card Structures and their Shari'ah Issues"
- "Perpetual Sukuk – The Shari'ah Perspective"
- "Investment Wakala"
- "Sukuk Role and Challenges in Project Finance and Asset-Backed vs. Asset-Based debate"
- "Salam as a Liquidity Management Tool for Islamic Banks"
- "Commodity Murabaha / Organized Tawarruq – Should the Door be Shut?"
- "The Challenges of Achieving Shari'ah Compliance in Islamic Finance"
- "Shari'ah Issues Related to Mudaraba Tier One Capital Sukuk"
- "What Shari'ah Reviewers Can Do to Enhance Shari'ah Governance and Compliance at Islamic Banks"
- "Conversion of a Conventional Bank into Islamic"
- "Hedging the Exchange Rate Risk Through Parallel Loans"
- "Commodity Murabaha or Tawarruq – Regulatory Concern and Adherence to AAOIFI Shari'ah Standard no. 30"
- "LIBOR Alternatives – Pros and Cons"
- "Cryptocurrencies: Guidelines, Governance, Issues and Adding Value to Islamic Finance"
- "Controversial Issues in AAOIFI Shari'ah Standards and How to Manage and Comply with the Standards, Using Standards 59 and 61 as Examples"
- "AAOIFI Shari'ah Standard no. 8 'Murabaha' - Some Practical Issues – part 1"
- "AAOIFI Shari'ah Standard no. 8 'Murabaha' - Some Practical Issues – part 2"

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- “AAOIFI Shari’ah Standard no. 35 ‘Calculating Corporate Zakah”
- “AAOIFI Shari’ah Standard no. 40 ‘Distribution of Profit in Mudaraba-Based Investment Accounts”

**9. Corporate Governance workshops:** Given the increasing importance of corporate governance worldwide there is a pressing need to continuously improve the CG standards of IFIs. The Waqf Fund has been offering CG workshops regularly since 2011 to its member institutions who have been participating enthusiastically including Chairmen, Board members and CEOs. 14 workshops have been organized so far in which approx. 330 people participated. An international expert in corporate governance who is also a former professor at Harvard Business School is engaged to deliver the workshops. The use of the case study method not only helps bring out key issues, it also makes the workshop highly interactive and interesting for the participants. Key takeaways from these workshops are summarized here <https://www.cbb.gov.bh/wp-content/uploads/2024/07/Key-takeaways-from-Waqf-Fund-Corporate-Governance-workshops-May-2024.pdf>.

**10. Sponsored AAOIFI to revamp its CIPA qualification:** Based on the industry feedback the Waqf Fund engaged with AAOIFI to sponsor further development of its flagship global Islamic accounting qualification - Certified Islamic Professional Accountant (CIPA) – to enhance its quality on par with equivalent and similar global qualifications. The objective was to develop the right human resources who combine conventional as well as AAOIFI accounting knowledge, understanding of the underlying Shari’ah principles and standards and exposure of practical issues facing Islamic financial institutions. The Waqf Fund engaged a leading consulting firm to revamp and substantially upgrade the curriculum in line with industry requirements as well as change the conduct of examination. This is the first major revision of the CIPA curriculum since its launch in September 2006. The Waqf Fund was the sole financial and technical sponsor for this important project. AAOIFI launched the revamped CIPA qualification in April 2017 and conducted the first exam based on the new curriculum in the same year.

**11. Sponsored AAOIFI to revamp its CSAA qualification:** The Waqf Fund has extended its sponsorship to revamp the Certified Shari’ah Advisor & Auditor (CSAA) qualification of AAOIFI. Since the disciplines of Shari’ah advisory and Shari’ah audit are unique to Islamic banks there are no global qualifications available in these areas. The CSAA qualification has been divided into two distinct qualifications – Certified Shari’ah Auditor (CSA) and Certified Shari’ah Expert (CSE) – and separate curricula have been prepared for each. The first CSA and CSE exams based on the new curricula were held in June 2024.

**12. Research project initiative:** The Waqf Fund has launched a research initiative focusing primarily on Internal Shari’ah Reviewers / Shari’ah Officers whereby they are financially incentivized to undertake research on a specific topic of interest. Such research, once completed, is to be presented to the peer group (other Internal Shari’ah Reviewers / Officers) and a select group of Shari’ah scholars for comments, critique and feedback. This will promote a research culture among Internal Shari’ah Reviewers / Officers and enhance their analytical, writing and presentation skills. The research topics will be practical, rather than academic, in nature and focus on real issues facing IFIs.

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**13. Sponsorship to IIFM for preparation of market standards:** The Waqf Fund provided financial assistance to International Islamic Financial Market (IIFM) to help complete four new standards. These include Islamic cross currency swap, Islamic credit support agreement, risk participation agreement and Sukuk standardization. The grant was used primarily to pay for Shari'ah and legal consultation costs.

**14. Sponsorship for Islamic finance training program for Bahraini judges:** The Waqf Fund sponsored a program organized by the Ministry of Justice, Islamic Affairs & Waqf and delivered by BIBF. The 19-day training program aimed at providing Bahraini judges training in financial matters including insurance, banking, Islamic banking, capital markets, leasing, etc. The successful completion of the training has led to a more extensive training program delivered by BIBF. A tripartite agreement was signed on 13<sup>th</sup> April 2022 by the Waqf Fund, BIBF and Ministry of Justice, Islamic Affairs & Endowment.

**15. Sponsorship for Islamic finance training program for Bahraini lawyers, judges and prosecutors:** The Waqf Fund sponsored 30 Bahraini lawyers, judges and public prosecutors to enroll in a two-day Islamic finance training workshop organized by the Chartered Institute of Arbitrators (CI Arb). The purpose of the program was to orientate Bahraini legal resources towards Islamic finance.

**16. Sponsorship for Islamic economics textbook:** The Waqf Fund was the lead sponsor of a textbook project led by Islamic Shari'ah Research Academy (ISRA), Malaysia on Islamic economics. Published in end 2018, the comprehensive textbook is meant for universities around the world, addressing the needs of students studying economics from an Islamic perspective. ISRA has already published a textbook on Islamic financial system which is currently being taught at more than 70 universities.

**17. Leadership Grooming Program:** The Waqf Fund engaged a leading university in North America to launch a custom-made leadership grooming program for the middle management of its member institutions in 2015. The purpose of this program was to prepare the next generation of C-suite executives who can steer the Islamic finance industry in the right direction. This initiative sought to address a key demand of the industry that the number of competent and high integrity Bahraini nationals in positions of authority should increase in the Islamic financial sector. The program targeted Bahrainis in mid management aged up to 45 years at the time of nomination and having at least 10 years of professional experience. The program ran for 17 working days in Hong Kong and Toronto, Canada and was attended by 37 employees of Waqf Fund member institutions. Primarily using the case study method the participants were provided advanced learning in leadership skills, strategic thinking and ethics, while also exposing them to the Asian business model and the financial sector of Canada. A subsequent training program of one-week duration was offered in 2017 addressing the challenges of leadership in an environment of major disruptions.

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**18. Chief Financial Officer (CFO) Grooming Program:** After the successful completion of the Leadership Grooming Program the Waqf Fund launched a program targeting the mid to senior level managers in finance and financial control departments to groom them for the CFO position. The Program was divided into two main modules – strategy and technical. A leading university in North America delivered the strategy module in Toronto, Canada while a Big 4 firm was selected to deliver the technical module in Dubai, UAE. An optional third module was also offered subsequently, delivered in Hong Kong, which required application of the knowledge gained into real life projects. Approx. 20 employees from Waqf Fund member institutions attended the program.

**19. Compliance Head Grooming Program:** The Waqf Fund launched another program focused on grooming compliance officers of its member institutions. The program delivered leadership, strategy and technical compliance training to 15 compliance heads and senior compliance officers in Singapore and Bahrain. A leading university in North America delivered the leadership and strategy module in Singapore while a Big 4 firm delivered the technical compliance training module in Bahrain.

**20. Chief Risk Officer (CRO) Grooming Program:** The Waqf Fund launched the CRO Grooming Program targeting the risk management professionals within its member institutions with the objective to groom them for a CRO role in the future. A leading university in North America delivered the leadership & strategy module in 2022 while a Big 4 firm delivered the technical risk management training in 2023.

**21. Internal Shari'ah Auditor Grooming Program:** The Waqf Fund launched the Internal Shari'ah Auditor Grooming Program. This was to fulfill a market need of having qualified and experienced Shari'ah audit professionals. It has been necessitated by the CBB's introduction of the Shari'ah Governance module in 2017 which mandated a separate Internal Shari'ah Audit function. The participants went through an intensive two-week technical Shari'ah audit training. A leading Shari'ah audit and advisory firm conducted the training in Bahrain.

**22. Distinguished Leader series:** The Waqf Fund occasionally hosts a Distinguished Leader to address the participants of the Waqf Fund's various grooming programs. In this series accomplished individuals from the financial sector are invited to share their professional and personal journey so that young bankers can learn from these role models. So far four such sessions have been organized with the following leaders:

- Mr. Adel El-Labban, CEO, Ahli United Bank
- Mr. Murad Ali Murad, Chairman, Bank of Bahrain & Kuwait
- Mr. Andy Halford, Group CFO, Standard Chartered Bank
- Dr. Mustafa Al-Sayed, Secretary General of the Royal Humanitarian Foundation

**THE WAQF FUND**  
*Promoting ethics in finance through Shari'a*

**23. Sponsorship of Islamic Finance / Fintech-related Master & MBA program:** In 2020 the Waqf Fund started a sponsorship program for Masters in Islamic Finance / Fintech for the employees of Waqf Fund member institutions. Over the years the Waqf Fund's policy has been focused more on sponsoring professional qualifications rather than academic degrees. However, there was significant demand from the industry to sponsor higher education which would benefit their employees directly in their jobs and also enhance their long-term career prospects. The Waqf Fund reimburses 75% of the total tuition fee up to BD 10,000 and the remaining 25% is paid by the employers. The candidates have to choose a top 1,000 globally ranked university. The program has attracted significant interest and 109 people have registered in four years. In 2024 the Board decided to extend the sponsorship to general MBA, in response to the feedback received from the industry.

**24. Sponsorship of AAOIFI taxonomy project:** The Waqf Fund is sponsoring a major project of AAOIFI called the taxonomy project. The objective of the project is to organize, categorize and classify all the standards of AAOIFI in a logical sequence and to digitalize them in order to enable advanced searchability. All the Shari'ah, Accounting and Governance standards will be covered. At the completion of the project it will be possible for a user to enter a word and the system will produce all the clauses in various standards where this word has been used.

**25. Sponsorship of alternative benchmark research project by IIFM and AAOIFI:** The Waqf Fund is sponsoring two leading Islamic standard setting bodies IIFM and AAOIFI in their search for an Islamic Interbank alternative benchmark as the conventional LIBOR is replaced. IIFM received Waqf Fund grant for the transition including risk free rates implementation solutions for financing transactions and fallback documentation for hedging segment. AAOIFI is leading the broader search for a series of appropriate alternatives. For this purpose it intends to host roundtables and initiate a technical research study to be sponsored by the Waqf Fund.

**26. Sponsorship of computer lab at the University of Bahrain:** The Waqf Fund sponsored the computer lab at UOB's College of Business Administration to support their research effort. The Waqf Fund Board also encouraged its member institutions to fund specific sub-projects for the benefit of the University.

**27. Islamic banking preferences survey:** The Waqf Fund signed up with the University of Bahrain to conduct a market research survey of the Bahraini market to find out the banking preferences of the residents of Bahrain. The objective was to determine the key factors behind a person's decision to opt for an Islamic bank or a conventional bank. The survey was completed and the report provides useful insights to enable Islamic banks to attract Muslim and non-Muslim customers alike towards their offerings.

**THE WAQF FUND**  
*Promoting ethics in finance through Shari'a*

**28. Sponsorship for BIBF initiatives – CFA program, FAP III and Sustainable Development Academy:** The Waqf Fund is sponsoring the development of key programs by BIBF. These include the development of an Islamic finance qualification in partnership with the CFA Society Bahrain, to be launched initially in Bahrain but eventually to be championed as a global qualification recognized by the CFA Institute. Financial Advice Program (FAP) III, being developed with the help of the London Institute of Banking & Finance, is also being sponsored by the Waqf Fund. A third initiative of BIBF is the establishment of Sustainable Development Academy to offer different modules on Environmental, Social, Governance (ESG) and sustainability issues.

**29. Credit Officer Training Program:** The Waqf Fund signed up with an international trainer in forensic accounting to deliver a three-day training to credit officers of its member institutions. The objective was to enable the credit officers to detect red flags in credit applications and improve the quality of their due diligence. Over 40 participants benefitted from this training.

**30. Retail Banking Leadership Grooming Program:** The Waqf Fund launched the Retail Banking Leadership Grooming Program to help senior retail bankers prepare for leadership roles, enhance their skills and expose them to advanced markets. A leading university in North America delivered the 17-day training in Toronto, Canada and Hong Kong in two modules. 15 employees from Waqf Fund member institutions attended the program.

**31. Corporate Banking Leadership Grooming Program:** The Waqf Fund is in the process of launching the Corporate Banking Leadership Grooming Program to help senior corporate bankers prepare for leadership roles, enhance their skills and expose them to advanced markets. A leading university in North America will deliver the strategy and leadership module while an international credit rating agency will deliver the technical training module.

**32. Internal Auditor Grooming Program:** The Waqf Fund selected a Big 4 firm to design and deliver a grooming program for experienced Bahrainis within internal audit to groom them for the head of function role. The 10-day training was conducted in Istanbul, Turkiye in Sept. 2024.

**33. Training program for young Bahrainis – Risk, Compliance, Audit:** To improve the employability of young Bahraini graduates the Waqf Fund has launched a three-week training course aiming to orientate the participants with the fundamentals of risk, compliance and audit. The target is to train over 250 young graduates over a 6-month period. BIBF is the delivery partner for the training.



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**34. Roadmap to Strategic HR function:** The Waqf Fund engaged a consultant in 4Q 2023 to extend developmental support to the Human Resource (HR) function within the member institutions in a manner that supports its transformation into a strategic enabler for the institution. The consultant was tasked to prepare an HR Best Practice Handbook covering organizational structure, competency framework, training, career mapping and performance metrics. The objective is to help the function head and others to elevate themselves to the next level.